

EC:RW:TF
F. #2003R00759

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
- - - - -X

UNITED STATES OF AMERICA

I N D I C T M E N T

- against -

DANIEL RUBIN,
DANIEL NOURANI,
GLEN SANTHA and
SCOTT HALPERIN,

Cr. No. _____
(T. 18, U.S.C., §§
1341, 1348, 1349,
982(a)(1), 982(b),
1956(h), 2
and 3551 et seq.)

Defendants.

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THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Indictment, unless
otherwise stated:

I. RUBIN INVESTMENT GROUP

1. Rubin Investment Group, Inc. ("Rubin Investment Group") was founded in 1994 by the defendant DANIEL RUBIN, with its principal office in Los Angeles, California. The firm later added offices in Manhattan and Lake Helen, Florida.

2. Rubin Investment Group held itself out as a private investment banking firm specializing in providing financing to "small-cap" companies, which are small, thinly capitalized companies. Among the services that Rubin Investment

Group purportedly provided to such companies were "block share" transactions, equity financing and research.

II. THE DEFENDANTS

3. The defendant DANIEL RUBIN was the sole shareholder of Rubin Investment Group. He also served as the Chairman of the Board of Directors, Chief Executive Officer and President of the firm. Beginning in or around October 2002, RUBIN resided in Lake Helen, Florida.

4. The defendant DANIEL NOURANI was the Managing Director of Rubin Investment Group and worked in the firm's offices in Los Angeles, California.

5. The defendant GLEN SANTHA was the Director of Investment Banking at Rubin Investment Group and worked in the firm's offices in Lake Helen, Florida.

6. The defendant SCOTT HALPERIN was the Chief Executive Officer of The Classica Group, Inc. ("Classica"). Classica was a New York corporation with its headquarters in Sayreville, New Jersey. Classica's stock was registered under Section 12(g) of the Securities Exchange Act of 1934 and was publicly traded through the Over-the-Counter Bulletin Board system under the symbol "TCGI". Classica was in the business of designing, building and selling microwave heat processing equipment for pasteurization, sterilization, drying and sanitization in the food and pharmaceutical industries.

III. RUBIN'S TAKEOVER OF 1-800-ATTORNEY, INC.
AND MANIPULATION OF ITS STOCK PRICE

7. In or about October 2002, the defendant DANIEL RUBIN, together with others, hatched a scheme (i) to fraudently induce 1-800-ATTORNEY, Inc. ("1-800-ATTORNEY" or the "Company") and its shareholders to grant him control over the Company based on his representations that he would invest over \$1 million in cash in the Company; and (ii) to manipulate the market price of the Company's stock and to sell shares of the stock that he had acquired to unwitting investors at the artificially inflated prices.

A. RUBIN'S TAKEOVER OF
1-800-ATTORNEY, INC.

8. 1-800-ATTORNEY was founded in 1993, and it became a publicly-held company in 1996. Its main offices were located in Lake Helen, Florida. The Company published membership directories for bar associations and contracted with attorneys for participation in a referral network. Until February 13, 2003, the Company's stock was traded on the National Association of Securities Dealers Automated Quotations SmallCap Market ("NASDAQ SmallCap Market") under the symbol "ATTY". The stock thereafter was traded on the Over-the-Counter Bulletin Board market. Effective March 21, 2003, the Company's stock was traded on the Pink Sheets, a quotation service for over-the-counter stocks. Also effective March 21, 2003, the registration of the

Company's stock under Section 12 of the Securities Exchange Act of 1934 was terminated.

9. During the summer of 2002, the Company was experiencing financial difficulties, and its stock price was declining. In or around July and August 2002, the NASDAQ Stock Market, Inc. ("NASDAQ"), which operated the NASDAQ SmallCap Market, notified the Company that it was in violation of minimum market capitalization and shareholder equity requirements for continued listing of its stock on the SmallCap Market. On or about October 1, 2002, the NASDAQ informed the Company that its staff had determined that the Company's stock was subject to delisting. On or about October 7, 2002, the Company issued a press release announcing the NASDAQ's determination and the Company's request for an appeal.

10. On or about October 4, 2002, the Company opened negotiations with the defendant DANIEL RUBIN about a possible investment by Rubin Investment Group in the Company. A representative of Rubin Investment Group had first contacted the Company in or around June 2002, but subsequent negotiations had failed to yield an agreement between Rubin Investment Group and the Company.

11. In negotiations conducted from approximately October 4, 2002 through October 22, 2002, the defendant DANIEL RUBIN represented that he would be willing, through Rubin

Investment Group, to invest in excess of \$1 million in the Company and to create within the Company a subsidiary that would generate at least \$2.5 million in additional revenue. RUBIN also represented to the Company that a New Jersey businessman (the "New Jersey Businessman") whom he knew would also be willing to invest in the company. In exchange, RUBIN would assume control over the Company.

12. Based on the representations made by the defendant DANIEL RUBIN, the board of directors of 1-800-ATTORNEY authorized the Company to enter into stock purchase agreements with Rubin Investment Group and the New Jersey Businessman. RUBIN and the New Jersey Businessman signed their respective stock purchase agreements on or about October 21, 2002, and they signed amended versions of the agreements on or about October 24, 2002 (as amended, the "RIG Stock Purchase Agreement" and the "New Jersey Businessman Stock Purchase Agreement", respectively).

13. Pursuant to the RIG Stock Purchase Agreement, (i) on or about October 22, 2002, the defendant DANIEL RUBIN became the Chairman of the Board and Chief Executive Officer of 1-800-Attorney; and (ii) on or about October 24, 2002, the Company issued 136,465 shares of its common stock to Rubin Investment Group at a price of \$.384 per share. Similarly, pursuant to the New Jersey Businessman Stock Purchase Agreement, (i) on or about October 22, 2002, the New Jersey Businessman

became a director of the Company; and (ii) on or about October 24, 2002, the Company issued 136,465 shares of its common stock to the New Jersey Businessman at a price of \$.384 per share.

14. In addition to the shares immediately issued to Rubin Investment Group and the New Jersey Businessman, the stock purchase agreements also provided that, subject to shareholder approval, the Company would issue an additional 3,213,535 shares of its common stock to Rubin Investment Group (which was to leave RUBIN with control of approximately 80 percent of the Company's stock) and an additional 88,535 shares to the New Jersey Businessman, at a price of \$.384 per share.

B. RUBIN'S MISREPRESENTATIONS TO INDUCE SHAREHOLDERS
TO APPROVE THE ISSUANCE OF THE ADDITIONAL SHARES

15. After assuming control of the Company on or about October 22, 2002, the defendant DANIEL RUBIN, together with others, caused the Company to issue public statements announcing the terms of the stock purchase agreements and representing that Rubin Investment Group's proposed purchase of 3,213,535 shares would generate over \$1,200,000 of additional cash and shareholder equity for the Company.

16. On or about December 5, 2003, the defendant DANIEL RUBIN, together with others, caused 1-800-ATTORNEY to file with the Securities and Exchange Commission ("SEC"), and to disseminate to the Company's shareholders, a Proxy Statement pursuant to Section 14(a) of the Securities Exchange Act of 1933

(the "Proxy Statement"), in which the Company sought the shareholders' approval for, among other things, the issuance of the 3,213,535 shares to Rubin Investment Group pursuant to the RIG Stock Purchase Agreement.

17. The defendant DANIEL RUBIN caused the Company to include in the Proxy Statement the RIG Purchase Agreement, which stated that the delivery of, and the payment for, the 3,213,535 shares was to happen concurrently. In addition, RUBIN caused the Company to state in the Proxy Statement that RUBIN's purchase of the shares would represent a "cash investment" in the Company.

18. On or about December 19, 2002, following the shareholders' approval of the proposed issuance of shares to Rubin Investment Group, the defendant DANIEL RUBIN, together with others, caused the Company to issue a total of 3,213,535 shares of stock to Rubin Investment Group and 88,535 shares of stock to the New Jersey Businessman.

19. Although the defendant DANIEL RUBIN had agreed pursuant to the RIG Shareholder Agreement that Rubin Investment Group would pay approximately \$1,234,000 in cash concurrently upon receipt of the 3,213,535 shares, RUBIN failed to make, or cause to be made, the required payment. Instead, on various dates from approximately December 30, 2002 to February 12, 2003, the defendant DANIEL RUBIN caused Rubin Investment Group to make certain payments to the Company, in cash and securities, totaling

less than one-half the consideration that Rubin Investment Group owed.

20. On or about February 14, 2003, the defendant DANIEL RUBIN caused Rubin Investment Group to file a Form 4 with the SEC falsely stating that the firm had purchased the shares that it had acquired through the Proxy Statement on February 12, 2003, when in fact the firm had not paid for the shares.

21. On various dates from approximately April 2003 to August 2003, the defendant DANIEL RUBIN, together with others, purported to satisfy Rubin Investment Group's outstanding obligation to 1-800-ATTORNEY by (i) diverting revenue from the Company to Rubin Investment Group; (ii) causing Rubin Investment Group to pay the diverted funds back to the Company; (iii) causing the Company to credit the payments of the diverted funds toward Rubin Investment Group's outstanding obligation to the Company.

22. The defendant DANIEL RUBIN failed to make, and failed to cause the Company to make, any disclosures to shareholders concerning Rubin Investment Group's failure to pay the promised cash consideration in accordance with the terms set out in the Proxy Statement and the RIG Stock Purchase Agreement.

C. RUBIN'S MANIPULATION OF
THE COMPANY'S STOCK PRICE

23. As explained above, upon taking control of 1-800-ATTORNEY on October 22, 2002, the defendant DANIEL RUBIN caused the Company to issue public statements falsely representing, among other things, that Rubin Investment Group's purchase of the shares that were the subject of the Proxy Statement would generate over \$1,200,000 in additional capital for the Company, when in fact RUBIN had no intention of paying the promised consideration to the Company.

24. In addition, beginning on or about October 24, 2002, the defendant DANIEL RUBIN, together with others, devised a scheme to purchase shares of 1-800-ATTORNEY stock on the open market, to manipulate the stock price and cause it to be artificially inflated, and to sell the shares that he had purchased on the open market at the artificially inflated prices.

25. To effectuate this scheme, the defendant DANIEL RUBIN purchased 1-800-ATTORNEY stock in his own name and in the name of Rubin Investment Group on the open market, both through accounts that he maintained at a broker-dealer of securities (the "Broker-Dealer") and through "on-line" accounts that he maintained through a separate broker-dealer (the "On-Line Brokerage Accounts"). In addition, RUBIN, through a nominee account, and at RUBIN's direction employees of RUBIN acquired additional shares of the Company's stock on the open market.

26. The defendant DANIEL RUBIN, together with others, engaged in various practices to increase artificially the market price of the Company's stock, including, among others things (i) placing orders for execution at the beginning and the end of the trading day to increase artificially the opening and closing price of the stock; (ii) placing orders to purchase small quantities of the Company's stock at incrementally higher prices to "walk up" the stock price and to create the appearance of market interest in the stock; and (iii) directing trades through nominee accounts and accounts controlled by other employees of the firm to create the appearance of market interest in the stock.

27. As a result of this manipulative scheme, the market price of 1-800-ATTORNEY's stock increased over 1000 percent between October 24, 2002 and December 3, 2002.

28. On various dates from approximately December 2002 through March 2003, the defendant DANIEL RUBIN, together with others, sold 1-800-ATTORNEY stock that he had purchased for Rubin Investment Group and for his own accounts on the open market at artificially inflated prices and reaped substantial profits.

IV. RUBIN INVESTMENT GROUP'S SCHEME TO DEFRAUD
PUBLICLY-HELD COMPANIES AND THEIR SHAREHOLDERS

29. As explained above, pursuant to the RIG Stock Purchase Agreement, the defendant DANIEL RUBIN agreed to create within 1-800-ATTORNEY a new subsidiary that would purportedly

generate additional revenue for the Company. In October 2002, after assuming control of the Company, RUBIN created such an entity, initially called "RIG Consulting" and later "ATTY Consulting" (collectively, the "Consulting Business"). The Consulting Business operated out of 1-800-ATTORNEY's offices in Lake Helen, Florida. Although the Consulting Business was ostensibly a part of 1-800-ATTORNEY, it essentially functioned as a vehicle for generating business for Rubin Investment Group.

30. Through the Consulting Business, the defendants DANIEL RUBIN, DANIEL NOURANI and GLEN SANTHA, together with others, engaged in a scheme to defraud publicly-held companies (or "issuers") and shareholders who held large blocks of stock in such companies by (i) fraudulently inducing issuers and shareholders to sell to the firm discounted stock; and (ii) manipulating the price of certain stocks that the firm acquired and then selling the stock at artificially inflated prices.

A. Misrepresentations to
Issuers and Shareholders

31. Beginning in or about October 2002, the defendant DANIEL RUBIN, together with others, created a team of "cold callers", which included personnel from 1-800-ATTORNEY, to solicit issuers and shareholders. The defendants DANIEL RUBIN, DANIEL NOURANI and GLEN SANTHA, together with others, exercised supervisory responsibility over the cold callers, and they would follow-up on leads developed by the cold call solicitations.

32. The defendants DANIEL RUBIN, DANIEL NOURANI and GLEN SANTHA, together with others, created "scripts" for the cold callers that included a number of fraudulent misrepresentations designed to induce issuers and shareholders to sell stock to the firm at a discount from the market price of the stock.

33. Through the sales scripts, the cold callers were instructed to state, among other things, that (i) Rubin Investment Group managed the "RIG Micro Cap Fund"; (ii) the fund had a large base of clients (frequently described as including "3,000 doctors and dentists"); and (iii) the firm would recommend the issuers' stock to these clients, who in turn would invest in the stock. In fact, the fund had only a small number of investors with nominal investments.

34. Similarly, the defendants DANIEL RUBIN, DANIEL NOURANI and GLEN SANTHA, together with others, represented and caused others to represent that Rubin Investment Group had a base of brokers who would recommend stocks to the firm's clients and who traded stocks that the firm acquired. To further this aspect of the scheme, RUBIN, NOURANI and SANTHA invited representatives of issuers to visit the firm's offices to make presentations concerning their companies, and then instructed the cold callers to ask questions to make it appear as though they were knowledgeable stock brokers. In fact, neither the firm nor any of its employees were registered broker-dealers.

35. In addition to these and other misrepresentations about Rubin Investment Group itself, the defendants DANIEL RUBIN, DANIEL NOURANI and GLEN SANTHA, together with others, also fraudulently induced issuers or shareholders of issuers to sell stock to Rubin Investment Group based on the representation that the firm would pay a fixed price for the stock, when in fact the firm had no intention of paying the promised consideration.

36. To effectuate this aspect of the scheme, Rubin Investment Group failed to pay issuers or shareholders for stock that they had sold to the firm. The defendants DANIEL RUBIN, DANIEL NOURANI and GLEN SANTHA then made, or directed others to make, false representations to issuers or shareholders who were demanding payment, for the purpose of inducing the issuers or shareholders to accept less consideration for the shares than the firm had originally agreed to pay.

B. Manipulative Trading Practices

37. The defendant DANIEL RUBIN, together with others, also manipulated the market price of stocks that RUBIN held to cause the market price of the stocks to increase artificially so that RUBIN could sell his stock at a profit to unwitting shareholders.

38. The defendant DANIEL RUBIN maintained the securities that he and Rubin Investment Group obtained at the Broker-Dealer and/or in the On-Line Brokerage Accounts. RUBIN

then executed trades in these securities through the On-Line Brokerage Accounts, or he would place buy and sell orders through the accounts at the Broker-Dealer.

39. The defendant DANIEL RUBIN, together with others, engaged in a scheme to manipulate stock prices to cause them to increase artificially through a number of means, including, but not limited to, executing sales of stock from RUBIN's On-Line Brokerage Accounts to his accounts at the Broker-Dealer to create the appearance of genuine market interest in the stock.

C. Certain Stocks Involved
in The Fraudulent Scheme

(1) Augrid Corporation

40. Augrid Corporation ("Augrid") was a publicly-traded company whose stock was registered under Section 12 of the Securities Exchange Act of 1934 and was traded on the Over-the-Counter Bulletin Board under the symbol "AGRD." From approximately June 2003 through approximately October 2003, the defendants DANIEL RUBIN and DANIEL NOURANI, together with others, engaged in a scheme to defraud Augrid and its shareholders by, among other things, (i) inducing the company to sell stock to Rubin Investment Group, even though RUBIN had no intention of paying the promised consideration; and (ii) manipulating the stock price and then selling stock at artificially inflated prices.

41. On or about June 18, 2003, the defendants DANIEL RUBIN and DANIEL NOURANI, together with others, induced Augrid to enter into a consulting agreement pursuant to which Rubin Investment Group agreed to provide certain investment banking services in return for an option to purchase 50,000,000 shares of Augrid stock at \$.01 per share. On or about July 27, 2003, RUBIN and NOURANI induced Augrid to enter into a second consulting agreement pursuant to which Rubin Investment Group agreed to provide additional investment banking services in return for an option to purchase 230,000,000 shares of Augrid stock at \$.01 per share. In fact, RUBIN did not intend to pay the promised consideration for the Augrid shares that Rubin Investment Group acquired.

42. Although Rubin Investment Group acquired 280,000,000 shares of Augrid stock, by late August 2003, the defendant DANIEL RUBIN had caused Rubin Investment Group to pay only for the 50,000,000 shares from the initial agreement. When Augrid representatives contacted RUBIN concerning the \$2,300,000 that Rubin Investment Group owed for the shares from the second agreement, RUBIN, and at RUBIN's direction the defendant DANIEL NOURANI and others, made and directed others to make numerous material misrepresentations to Augrid concerning the firm's ability to pay the promised consideration.

43. Through these misrepresentations, the defendants DANIEL RUBIN and DANIEL NOURANI, together with others, induced Augrid to agree to take back 30,000,000 shares from Rubin Investment Group and to accept only \$1,000,000 for the remaining 200,000,000 shares that Rubin Investment Group had received from the second consulting agreement, one-half the amount of the original promised consideration for these shares.

44. To further increase Rubin Investment Group's profit from the Augrid scheme, in or about September 2003, the defendant DANIEL RUBIN, together with others, engaged in a scheme to manipulate the market price of Augrid's stock by executing "wash sales" of his own stock for the purpose of creating the appearance of market interest in the stock. A "wash sale" is a sale of shares in which beneficial ownership does not change, as when an individual sells shares from one brokerage account to another that the same individual controls. Such sales have no economic rationale, they serve only to increase the trading volume in a stock, and are intended to create the false appearance of market interest in the stock.

45. On or about September 10, 2003, the defendant DANIEL RUBIN caused approximately 103,150,000 shares of Augrid stock to be sold from RUBIN's and Rubin Investment Group's On-Line Brokerage Accounts to Rubin Investment Group's account at the Broker-Dealer to create the appearance of genuine market

interest in the stock. Indeed, these wash sales constituted approximately 90 percent of the trading volume that day. In the wake of these substantial wash sales, Augrid's stock price increased by over 40 percent within one day, and RUBIN sold a substantial amount of his stock at the artificially inflated prices.

(2) The Classica Group, Inc.

46. On or about May 8, 2003, Classica received a notice from the NASDAQ that its stock was in danger of being "delisted" from the Over-the-Counter Bulletin Board, and that delisting would be averted if Classica's stock price closed at \$1 per share or higher for a minimum of ten consecutive trading days by November 4, 2003. In or about May 2003, the defendant SCOTT HALPERIN, together with others, entered into negotiations with Rubin Investment Group on behalf of Classica, in the hope of enlisting the firm's assistance in raising the company's stock price. In subsequent negotiations, the defendant DANIEL RUBIN, together with others, attempted to conclude an agreement whereby Rubin Investment Group would purchase shares of stock from Classica. By late July 2003, however, those negotiations had not produced an agreement.

47. Throughout the summer of 2003, however, Classica's stock consistently traded below \$1 per share, and by early August 2003, the market price of the stock was

approximately \$.50 per share. In addition, Classica's microwave technology was still in development, and the company was suffering substantial operating losses.

48. In or about early August 2003, the defendant SCOTT HALPERIN, together with others, reopened negotiations with Rubin Investment Group. In those negotiations, HALPERIN and the defendants DANIEL RUBIN, DANIEL NOURANI and GLEN SANTHA, together with others, devised and agreed to a scheme to defraud Classica's shareholders whereby Classica issued stock to Rubin Investment Group at a discount from the market price, ostensibly in exchange for consulting services. In return, Classica received cash from Rubin Investment Group's purchase of the shares. In addition, RUBIN, NOURANI and SANTHA represented to HALPERIN that the firm's "brokers" would promote the stock to the firm's "clients." Specifically, RUBIN promised HALPERIN that he would cause Classica's market price to rise above \$1 per share for at least ten trading days to permit Classica to maintain its stock listing.

49. In addition, the defendants DANIEL RUBIN, DANIEL NOURANI, GLEN SANTHA and SCOTT HALPERIN agreed to disguise the scheme through the use of an "Investment Banking Agreement," pursuant to which Rubin Investment Group was to receive the discounted Classica stock in exchange for performing putative consulting services. On or about August 27, 2003 and August 29,

2003, RUBIN and HALPERIN, together with others, caused Rubin Investment Group and Classica to enter into consulting agreements. Pursuant to those agreements, Classica issued a total of 1,800,000 shares of its common stock to Rubin Investment Group at a discount from the market price of the stock. In exchange, Rubin Investment Group agreed to provide various consulting services. On or about August 27, 2003 and August 29, 2003, HALPERIN, together with others, caused Classica to issue a total of 1,800,000 shares of its common stock to Rubin Investment Group.

50. In addition, on or about August 27, 2003 and September 12, 2003, the defendant SCOTT HALPERIN caused Classica to state falsely in SEC filings that the shares were being issued to Rubin Investment Group as compensation for bona fide consulting services, when in fact HALPERIN knew that they were not.

51. In addition, on various dates from approximately June 2003 to August 2003, the defendant SCOTT HALPERIN caused Classica to issue press releases containing materially false and misleading information concerning the company. HALPERIN also engaged stock promoters to further disseminate such false and misleading information concerning Classica.

52. On or about August 27, 2003, Classica's stock price roughly doubled within hours of the start of trading. On

various dates on or about and between August 28, 2003 and September 30, 2003, the defendant DANIEL RUBIN caused Rubin Investment Group to sell the Classica stock that it had received at a substantial profit.

(3) Marx Toys & Entertainment Corporation

53. In late August 2003, while completing the negotiation of the Classica consulting agreements, the defendants DANIEL RUBIN, DANIEL NOURANI and SCOTT HALPERIN hatched a similar scheme involving Marx Toys & Entertainment Corporation ("Marx Toys"). HALPERIN had served as the Chairman of the Board of Marx Toys' corporate predecessor, Stereoscape.com, Inc., and he continued to own a significant amount of Marx Toys stock. In addition, HALPERIN maintained a close business relationship with the then-chief executive officer of Marx Toys, Steven Wise.

54. At the time, Marx Toys was in need of capital to continue its operations. On or about August 29, 2003, the defendant SCOTT HALPERIN informed Steven Wise that he had found an investor, the defendant DANIEL RUBIN, who was willing to put capital into Marx Toys by purchasing discounted shares of the stock, and that RUBIN had been responsible for the August 27th run-up of Classica's stock price.

55. Under an Investment Banking Agreement negotiated by the defendants DANIEL RUBIN, DANIEL NOURANI and SCOTT HALPERIN, Rubin Investment Group was to receive for its putative

consulting services an option to purchase 5,000,000 shares of Marx Toys' stock at \$.20 per share. The Marx Toys Investment Banking Agreement was subsequently amended to give Rubin Investment Group an option to purchase an additional 1,800,000 shares of Marx Toys stock at \$.20 per share.

56. On or about August 29, 2003, the defendant SCOTT HALPERIN prepared a draft Form S-8 for the shares that were to be issued to Rubin Investment Group, HALPERIN and the other Classica employees. On or about August 29, 2003, at HALPERIN's direction, Steven Wise filed the Form S-8 with the SEC.

57. In addition, the defendant SCOTT HALPERIN used the transaction to enrich himself and other Classica employees. For example, HALPERIN demanded that Steven Wise issue stock to HALPERIN and other Classica employees under the August 29, 2003 Form S-8, even though they had not performed any bona fide consulting services for Marx Toys. HALPERIN also arranged to be paid an undisclosed kickback from Marx Toys for the capital that it raised through the transaction with Rubin Investment Group.

58. On or about September 18, 2003, the price of Marx Toys' stock increased approximately 100 percent, and the defendant DANIEL RUBIN caused Rubin Investment Group to sell a large amount of the Marx Toys stock that the firm held at a substantial profit.

D. LAUNDERING OF FRAUD PROCEEDS

59. The defendant DANIEL RUBIN, together with others, laundered the proceeds of this securities fraud scheme with the intent to promote the fraudulent scheme. Specifically, RUBIN accumulated the proceeds of the scheme into brokerage and bank accounts that he controlled, and then used those proceeds to purchase additional securities to further the scheme.

COUNT ONE

(Securities Fraud Conspiracy)

60. The allegations contained in paragraphs 1 through 59 are realleged and incorporated as if fully set forth in this paragraph.

61. In or about and between October 2002 and October 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants DANIEL RUBIN, DANIEL NOURANI, GLEN SANTHA and SCOTT HALPERIN, together with others, did knowingly and intentionally conspire to execute a scheme or artifice (a) to defraud persons in connection with securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, and (b) to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit:

1-800-ATTORNEY, Inc., Augrid Corporation, The Classica Group, Inc., Marx Toys & Entertainment Corporation and others, all in violation of Title 18, United States Code, Section 1348.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNT TWO

(Securities Fraud - 1-800-ATTORNEY, Inc.)

62. The allegations contained in paragraphs 1 through 28 are repeated and incorporated as though fully set forth in this paragraph.

63. In or about and between October 2002 and March 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant DANIEL RUBIN, together with others, did knowingly and intentionally execute a scheme and artifice (a) to defraud persons in connection with securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of 1-800-Attorney, Inc., and (b) to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of securities of an issuer with a class of securities that was registered under

Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of 1-800-ATTORNEY, Inc.

(Title 18, United States Code, Sections 1348, 2 and 3551 et seq.)

COUNT THREE

(Securities Fraud - Augrid Corporation)

64. The allegations contained in paragraphs 1 through 45 are repeated and incorporated as though fully set forth in this paragraph.

65. In or about and between June 2003 and October 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants DANIEL RUBIN and DANIEL NOURANI, together with others, did knowingly and intentionally execute a scheme and artifice (a) to defraud persons in connection with securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Augrid Corporation, and (b) to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Augrid Corporation.

(Title 18, United States Code, Sections 1348, 2 and 3551 et seq.)

COUNT FOUR

(Securities Fraud - The Classica Group, Inc.)

66. The allegations contained in paragraphs 1 through 39 and 46 through 52 are repeated and incorporated as though fully set forth in this paragraph.

67. In or about and between May 2003 and September 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants DANIEL RUBIN, DANIEL NOURANI, GLEN SANTHA and SCOTT HALPERIN, together with others, did knowingly and intentionally execute a scheme and artifice (a) to defraud persons in connection with securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of The Classica Group, Inc., and (b) to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of The Classica Group, Inc.

(Title 18, United States Code, Sections 1348, 2 and 3551 et seq.)

COUNT FIVE

(Securities Fraud - Marx Toys & Entertainment Corp.)

68. The allegations contained in paragraphs 1 through 39 and 53 through 58 are repeated and incorporated as though fully set forth in this paragraph.

69. In or about and between May 2003 and September 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants DANIEL RUBIN, DANIEL NOURANI and SCOTT HALPERIN, together with others, did knowingly and intentionally execute a scheme and artifice (a) to defraud persons in connection with securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Marx Toys & Entertainment Corporation; and (b) to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Marx Toys & Entertainment Corporation.

(Title 18, United States Code, Sections 1348, 2 and 3551 et seq.)

COUNT SIX

(Mail Fraud - 1-800-ATTORNEY, Inc.)

70. The allegations contained in paragraphs 1 through 28 are realleged and incorporated as if fully set forth in this paragraph.

71. In or about and between October 2002 and October 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant DANIEL RUBIN, together with others, did knowingly and intentionally devise a scheme and artifice to defraud 1-800-ATTORNEY, Inc., and to obtain money and property from 1-800-ATTORNEY, Inc., by means of materially false and fraudulent pretenses, representations and promises.

72. For the purpose of executing this scheme and artifice, and attempting to do so, on or about December 20, 2002, the defendant DANIEL RUBIN, together with others, did cause mail matter, to wit: stock certificates, to be delivered by commercial interstate carriers from Brooklyn, New York to Lake Helen, Florida.

(Title 18, United States Code, Sections 1341 and 3551
et seq.)

COUNT SEVEN
(Money Laundering Conspiracy)

73. The allegations contained in paragraphs 1 through 59, 61, 63, 65, 67, 69, 71 and 72 are realleged and incorporated as if fully set forth in this paragraph.

74. In or about and between October 2002 and October 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant DANIEL RUBIN, together with others, did knowingly and intentionally conspire to conduct and attempt to conduct financial transactions affecting interstate and foreign commerce which in fact involved the proceeds of specified unlawful activity, to wit: securities fraud, knowing that the property involved in such financial transactions represented proceeds of some form of unlawful activity, with the intent to promote the carrying on of the specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

(Title 18, United States Code, Sections 1956(h) and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION FOR COUNTS ONE THROUGH SIX

75. The United States hereby gives notice to the defendants charged in Counts One through Six that, upon their conviction of such offenses, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c),

of any property involved in each offense in violation of Title 18, United States Code, Sections 1341, 1348 and 1349, and conspiracy to commit such offense, and all property traceable to such property as a result of the defendants' conviction of Counts One through Six of this Indictment, including but not limited to, the following:

(a) a sum of money equal to \$3,400,000.00 in United States currency;

(b) 3,213,535 shares or certificates of stock, more or less, of 1-800-ATTORNEY, Inc. currently held by, and in the care, custody and control of the defendant DANIEL RUBIN, on behalf of and for the benefit of the defendant DANIEL RUBIN;

(c) all funds on deposit in, or transferred to or through, Wells Fargo Bank, N.A., account no. 2066324498, held in the name of Rubin Investment Group, Inc., on behalf of and for the benefit of the defendant DANIEL RUBIN, and all proceeds traceable thereto;

(d) all funds on deposit in, or transferred to or through, Wells Fargo Bank, N.A., account no. 2066376415 held in the name of R.I.G. (Rubin Investment Group) Microcap, L.P., on behalf of and for the benefit of the defendant DANIEL RUBIN, and all proceeds traceable thereto;

(e) all funds on deposit in, or transferred to or through, Wells Fargo Bank, N.A., account no. 1007548454, held in

the name of Dan J. Rubin, on behalf of and for the benefit of the defendant DANIEL RUBIN, and all proceeds traceable thereto;

(f) all funds on deposit in, or transferred to or through, Wells Fargo Bank, N.A., account no. 3365276314, held in the name of Dan J. Rubin, on behalf of and for the benefit of the defendant DANIEL RUBIN, and all proceeds traceable thereto.

76. If more than one defendant is convicted of the offenses set forth in Counts One through Six of this Indictment, the defendants so convicted are jointly and severally liable for the forfeiture obligations alleged herein.

77. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty; it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c) to seek forfeiture of any other property of such

defendants up to the value of the forfeitable property described in subparagraph 77(a) through 77(e), including but not limited to the following:

(a) all right, title and interest to the real property located at 10 West Knicklighter Road, Lake Helen, Florida, 32744 in the name of defendant DANIEL RUBIN;

(b) all right, title and interest to the real property located at 119 North Lakeview Drive, Lake Helen, Florida, 32744 in the name of defendant DANIEL RUBIN.

(Title 28, United States Code, Section 2461(c); Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853)

CRIMINAL FORFEITURE ALLEGATION FOR COUNT SEVEN

78. The United States hereby gives notice to the defendant charged in Count Seven that, upon his conviction of such offense, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982, of all property involved in the conspiracy to commit a violation of Title 18, United States Code, Section 1956, and all property traceable to such property as a result of the defendant's conviction of Count Seven of this Indictment, including but not limited to, the following:

(a) a sum of money equal to \$3,400,000.00 in United States currency;

(b) 3,213,535 shares or certificates of stock, more or less, of 1-800-ATTORNEY, Inc. currently held by, and in the care, custody and control of the defendant DANIEL RUBIN, on behalf of and for the benefit of the defendant DANIEL RUBIN;

(c) all funds on deposit in, or transferred to or through, Wells Fargo Bank, N.A., account no. 2066324498, held in the name of Rubin Investment Group, Inc., on behalf of and for the benefit of the defendant DANIEL RUBIN, and all proceeds traceable thereto;

(d) all funds on deposit in, or transferred to or through, Wells Fargo Bank, N.A., account no. 2066376415 held in the name of R.I.G. (Rubin Investment Group) Microcap, L.P., on behalf of and for the benefit of the defendant DANIEL RUBIN, and all proceeds traceable thereto;

(e) all funds on deposit in, or transferred to or through, Wells Fargo Bank, N.A., account no. 1007548454, held in the name of Dan J. Rubin, on behalf of and for the benefit of the defendant DANIEL RUBIN, and all proceeds traceable thereto;

(f) all funds on deposit in, or transferred to or through, Wells Fargo Bank, N.A., account no. 3365276314, held in the name of Dan J. Rubin, on behalf of and for the benefit of the defendant DANIEL RUBIN, and all proceeds traceable thereto.

79. If any of the above described forfeitable property, as a result of any act or omission of the defendant

DANIEL RUBIN:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property, which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of such defendant up to the value of the forfeitable property described in sub-paragraphs 79(a) through 79(e) above, including but not limited to the following:

(a) all right, title and interest to the real property located at 10 West Knicklighter Road, Lake Helen, Florida, 32744 in the name of defendant DANIEL RUBIN;

(b) all right, title and interest to the real property located at 119 North Lakeview Drive, Lake Helen, Florida, 32744 in the name of defendant DANIEL RUBIN.

(Title 18, United States Code, Section 982; Title 21, United States Code, Section 853)

A TRUE BILL

FOREPERSON

ROSLYNN R. MAUSKOPF
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK